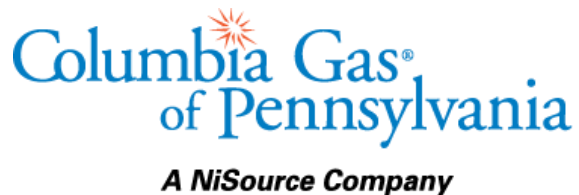


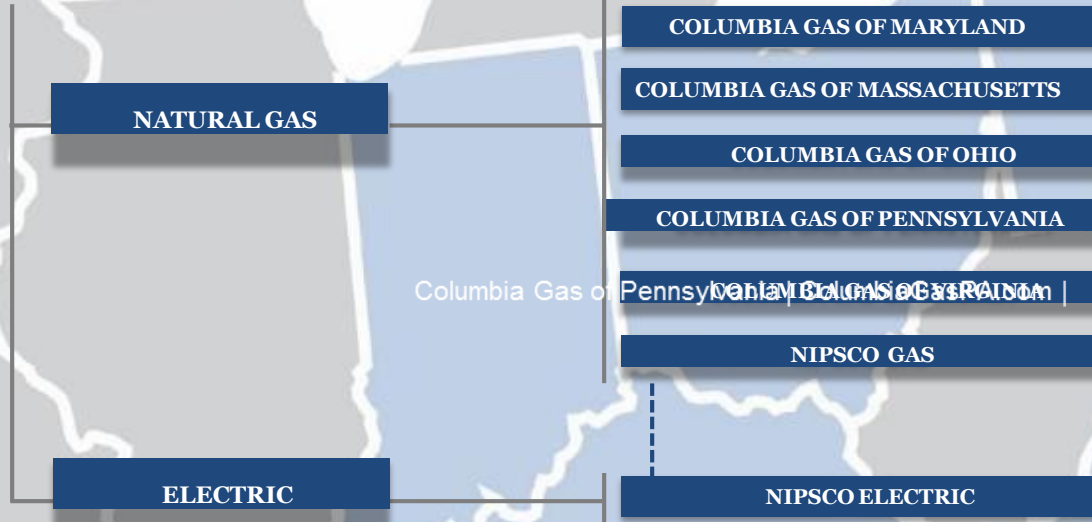
Build it and They Will Come vs. the Pipe to Nowhere - Balancing Incentives for Economic Development with the Cost of Extending Natural Gas Infrastructure

May 6, 2019

Andrew S. Tubbs, Vice President, External and Customer Affairs
Columbia Gas of Pennsylvania and Maryland



NiSource – Regulated Utility Business Operating In Diverse Footprint With Constructive Stakeholder Relationships



**SIGNIFICANT
SCALE ACROSS
SEVEN STATES**

~3.5M Gas Customers
~500K Electric Customers
~8000 Employees

Delivering on Commitments to Customers, Communities, Employees and Investors

Columbia Gas of Pennsylvania Overview

Business Profile

- Fifth Largest LDC in PA (~430K customers)
- ~ 7,600 miles of pipe and 425,038 services
- ~ 1,500 miles of bare steel and cast iron
- ~ \$1.6B rate base

Employee Makeup

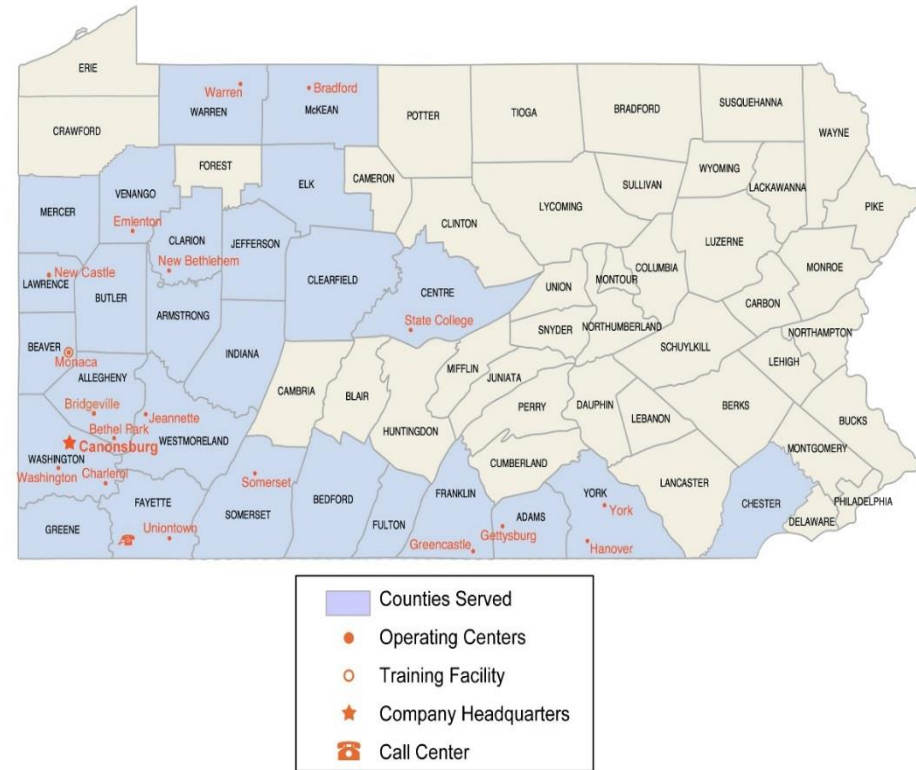
- Employs over 650 people in Pennsylvania, and NiSource Corporate Services employs ~420 people based in Pennsylvania

Customer Focus

Sustained industry leading employee and system safety performance

Economic Outlook / Customer Growth

Stable economic environment with modest customer growth



Pennsylvania Regulatory Makeup

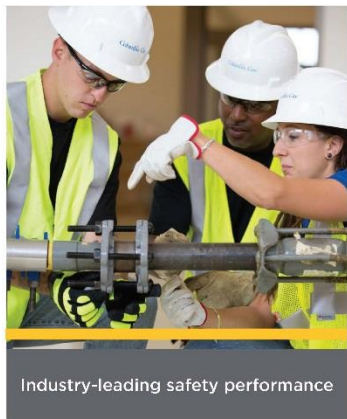


Pennsylvania Public Utility Commission (PUC) is made up of five Commissioners and a staff of more than 500 employees

- Gladys Brown Dutrieuille, chairman April 1, 2023
- David W. Sweet, vice chairman April 1, 2021
- Andrew G. Place, commissioner April 1, 2020
- John F. Coleman Jr., commissioner March 31, 2022
- Norman J. Kennard, commissioner March 31, 2019

Columbia Gas of Pennsylvania Investment History

	Revenue Request	Revenue Granted	Total Capital Investment (Approx)	Age and Condition Investment	Miles Replaced	Bill Impact	Rate Base
2008	\$58.9 M	\$41.5 M	\$80 million	\$63 million	100	6.4%	\$600 M
2009	No case	N/A	\$55 million	\$42 million	65	N/A	
2010	\$32 M	\$12 M	\$78 million	\$51 million	61	2.58%	
2011	\$37.8 M	\$17 M	\$135 million	\$97 million	101	3.2%	
2012	\$77.3 M	\$55.3 M	\$147 million	\$112 million	89	16.36%	
2013	No case	N/A	\$174 million	\$141 million	85	N/A	
2014	\$54.1 M	\$32.5 M	\$195 million	\$148 million	78	6.49%	
2015	\$46.2 M	\$28 M	\$194 million	\$152 million	97	4.4%	
2016	\$55 M	\$35 M	\$232 million	\$170 million	91	7.34%	
2017	No case	N/A	\$275 million	\$206 million	96	N/A	
2018	\$46.9 M	\$26 M	\$257 million	\$185 million	57	4.49%	\$1.6B



Industry-leading safety performance



Top-tier customer value and brand perception



Recognized among the best places to work in our communities



Sustained year-to-year 5%-7% net operating earnings per share and dividend growth through 2020



Dependable, predictable and timely service and emergency response



Investments that systematically and efficiently deliver service integrity



Growing our customer base by expanding into unserved areas



DELIVERING ON OUR Commitments

One of NiSource's Seven Stakeholder Commitments



Columbia's Growth Initiatives

- Targeted, demographic and multi-channel marketing to raise awareness and drive planned conversions
- Trade ally relationships to provide turnkey installations and financing options for new customers
- Conversion consultants to reduce customer effort



Natural Gas Growth: Construction & Conversion

NEW CONSTRUCTION



- Single Family
- Multi-Family
- Commercial

DRIVERS

- Housing Market
- Construction Economics
- Execution

2/3

CURRENT NISOURCE GROWTH FROM NEW CONSTRUCTION

CUSTOMER CONVERSION



- Existing Single Family Homes
- Existing Commercial Buildings

DRIVERS

- Awareness and Need
- Value
- Execution

1/3

CURRENT NISOURCE GROWTH FROM CONVERSIONS

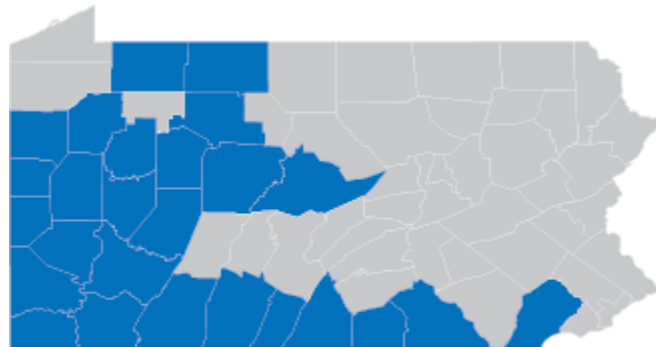
Natural Gas Expansion through Tariff Provisions

Footage Allowances

House Piping Credits

Large Customer Incentive (LCI)

Rider New Area Service (NAS)



■ Columbia Gas of Pennsylvania
Service Territory

Footage Allowances

Main Line Extensions

- The Company will install up to 150 feet of main per residential applicant
- Costs are included in rate base

Service Line Extensions

- The Company will install up to 150 feet of service line per residential applicant
 - in areas where the Company owns the service lines
- Costs are included in rate base

The Company will run an economic analysis on the main and service line portions that exceed the 150 foot threshold to determine if a deposit is required.

House Piping Credits

House Line Reimbursement

- Only residential conversion customers
- Can be used in conjunction with footage allowances
- If the NPV of the project is greater than \$1,000 per applicant, the Company may provide up to \$1,000 per applicant to offset gas piping installation costs
- Costs are an O&M expense

Large Customer Incentive (LCI)

Deposits for Potential Commercial and Industrial Customers

- Applicants with projected usage greater than 64,400 therms
- If applicant pays 30% of deposit upfront, remaining balance may be paid over 10 years or less
 - Memorialized in a separate agreement
- Included in Customer Charge line item on bill

Pilot Rider NAS Program

Deposits for Potential Residential Service Customers

- Alternative way of paying a deposit for a line extension
- For applicants for residential service
 - Developers included
- Flat charge on bill for a period of 20 years
- Max charge of no more than \$35/month
- Started in 2015, expired in 2018

Natural Gas Expansion through Collaboration with Economic Development Agencies

PIPELINE INVESTMENT PROGRAM (PIPE)



Pennsylvania Pipeline Investment Program

- **Collaboration with Economic Development Agencies**
- **Pipeline Investment Program (PIPE) Grants**
- **Examples:**
 - Borough of Centre Hall - \$1,000,000
 - Collaboration with SEDA COG to obtain PIPE Grant
 - 20,000 feet of newly constructed pipeline
 - Six commercial businesses, 89 residential units
 - Hawbaker - \$1,000,000
 - 35,000 feet of pipe installed to serve asphalt plant and unserved town of Barkeyville
 - Potential residential customers served along the way



QUESTIONS?

APPENDIX

Footage Allowances

Mains & Service Lines

8.2 Capital Expenditure Policy

8.2.1 Residential Distribution Service

The Company, at its discretion, may extend its distribution mains up to a distance of one-hundred fifty (150) feet on any street or highway without cost to an applicant(s), absent any abnormal underground conditions or unusual permitting requirements. When abnormal underground conditions or unusual permitting requirements exist, as determined by the Company, the applicant(s) will be required to pay a refundable cash deposit in an amount determined by the Company.

The applicant(s) will be required to pay a cash deposit to the Company when it is necessary to extend the main line more than one-hundred fifty (150) feet per applicant. The cash deposit will be equal to the difference between the minimum capital investment required to serve the applicant(s)'s gas requirements, excluding the one-hundred fifty (150) foot main allotment per applicant, and the amount of capital that the Company can justify investing in the project, based on the anticipated gas requirements of the applicant(s). The minimum capital investment is the capital expenditure required to serve only the gas requirements requested by the particular applicant(s).

The maximum allowable investment is the amount of capital expenditure which the estimated revenues generated from a proposed project would support and still provide the necessary return to the Company, taking into consideration the estimated additional annual quantities, rate schedule, cost of gas, operating and maintenance expense, interest and taxes.

House Piping Credits

8.2 Capital Expenditure Policy

8.2.1 Residential Distribution Service

The Company, at its discretion, may extend its distribution mains up to a distance of one-hundred fifty (150) feet on any street or highway without cost to an applicant(s), absent any abnormal underground conditions or unusual permitting requirements. When abnormal underground conditions or unusual permitting requirements exist, as determined by the Company, the applicant(s) will be required to pay a refundable cash deposit in an amount determined by the Company.

The applicant(s) will be required to pay a cash deposit to the Company when it is necessary to extend the main line more than one-hundred fifty (150) feet per applicant. The cash deposit will be equal to the difference between the minimum capital investment required to serve the applicant(s)'s gas requirements, excluding the one-hundred fifty (150) foot main allotment per applicant, and the amount of capital that the Company can justify investing in the project, based on the anticipated gas requirements of the applicant(s). The minimum capital investment is the capital expenditure required to serve only the gas requirements requested by the particular applicant(s).

The maximum allowable investment is the amount of capital expenditure which the estimated revenues generated from a proposed project would support and still provide the necessary return to the Company, taking into consideration the estimated additional annual quantities, rate schedule, cost of gas, operating and maintenance expense, interest and taxes.

If the net present value of the project is greater than \$1,000 per applicant, the Company may, at its sole discretion, provide a contribution up to \$1,000 per applicant, to offset installation costs of gas piping incurred by the applicant(s).

Large Customer Incentive (LCI)

8.2 Capital Expenditure Policy

8.2.4 Payment Period of Deposit

When an applicant's projected annual usage is greater than 64,400 therms, the Company and the applicant may negotiate the period over which the deposit will be paid. If the applicant pays thirty percent (30%) of the deposit prior to commencement of the line extension construction, the remaining balance of the deposit may be paid over a period that is agreed upon between the Company and the applicant. Otherwise, the payment period will not exceed ten (10) years. The terms of any payment period will be memorialized in an agreement between the applicant and the Company. The installment amount will be added to and included in the Customer Charge line item on the customer's bill.

Pilot Rider NAS Program

PILOT RIDER NAS - NEW AREA SERVICE

APPLICABILITY

Throughout the Company's service territory for any residential applicant seeking natural gas distribution service or commercial and industrial applicants so long as the intent of the service is residential customer service.

AVAILABILITY

Available to any residential applicant or bona fide developer (as defined below) who would be required to provide a deposit under Rule No. 8 – Extensions of the Company's tariff for an extension of the Company's distribution facilities.

Pilot Rider NAS will close for new participation on November 7, 2018 unless an extension is approved by the Commission.

CHARACTER OF RATE

This Pilot Rider NAS has been established to provide applicants with an alternative way of paying the deposit required by Rule No. 8 - Extensions of the Company's tariff when an extension of the Company's distribution facilities is not economically feasible based on the anticipated gas requirements. Pilot Rider NAS may be used on a stand-alone basis, or in conjunction with a deposit, in order to eliminate or reduce the amount of the deposit required under Rule No. 8 - Extensions of the Company's tariff. The Pilot Rider NAS will be a flat charge per bill. The Pilot Rider NAS charge shall be calculated separately for each distribution extension project and the charge shall be based on the cost of that particular distribution extension project. The Pilot Rider NAS charge shall be calculated as described below for each customer served from that particular distribution extension project. In any year the Company will not place an amount greater than \$1,000,000 into this rate rider.